

OVERSIGHT BOARD  
SUCCESSOR AGENCY  
TO THE WEST HOLLYWOOD  
COMMUNITY DEVELOPMENT COMMISSION

OCTOBER 10, 2012

SUBJECT: RESOLUTION OF THE OVERSIGHT BOARD FOR THE  
SUCCESSOR AGENCY TO THE WEST HOLLYWOOD  
COMMUNITY DEVELOPMENT COMMISSION APPROVING  
A LOW AND MODERATE INCOME HOUSING FUND DUE  
DILIGENCE REVIEW PURSUANT TO HEALTH AND  
SAFETY CODE SECTIONS 34179.5 AND 34179.6

INITIATED BY: SUCCESSOR AGENCY  
(David Wilson, Interim Director of Finance) *DW*  
(Elizabeth Savage, Manager - Rent Stabilization & Housing) *ES*  
(John Leonard, Project Development Administrator) *JL*  
(Beth Rosen, Information Technology Management Analyst) *BR*

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STATEMENT ON THE SUBJECT:

This item recommends that the Oversight Board approve a Low and Moderate Income Housing Fund Due Diligence Review pursuant to Health and Safety Code Sections 34179.5 and 34179.6.

RECOMMENDATIONS:

- 1) Staff Recommends that the Oversight Board adopt Resolution No. OB12-005 **"RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE WEST HOLLYWOOD COMMUNITY DEVELOPMENT COMMISSION APPROVING A LOW AND MODERATE INCOME HOUSING FUND DUE DILIGENCE REVIEW PURSUANT TO HEALTH AND SAFETY CODE SECTIONS 34179.5 AND 34179.6"**.
- 2) Direct staff to transmit the approved Low and Moderate Income Housing Fund Due Diligence Review and Resolution No. OB12-005 to the State Department of Finance and County Auditor-Controller by October 15, 2012.

BACKGROUND ANALYSIS:

On June 27, 2012, a clean-up bill to the redevelopment dissolution legislation (AB x1 26) was enacted by the State Legislature ("AB 1484"). AB 1484 established several new requirements for successor agencies, including the completion of a

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Low and Moderate Income Housing Fund Due Diligence Review ("Housing Fund DDR"), to determine the unobligated balances available in the Successor Agency's Low and Moderate Income Housing Fund ("LMI Housing Fund") for transfer to taxing entities.

To complete the Housing Fund DDR, the Successor Agency to the West Hollywood Community Development Commission ("Successor Agency") was required to contract with a certified public accountant, approved by the County Auditor-Controller ("Auditor-Controller"). The Successor Agency's request to contract with Lance, Soll, and Lunghard to complete the Housing Fund DDR was approved by the Auditor-Controller on July 27, 2012.

The Housing Fund DDR is required to include:

- 1) A valuation of all cash assets transferred from the former redevelopment agency to the Successor Agency on February 1, 2012;
- 2) The value of all cash assets transferred from the redevelopment agency or Successor Agency to the City between January 1, 2011 and June 30, 2012;
- 3) The dollar value of any cash transferred from the redevelopment agency or Successor Agency to any other public agency or private party between January 1, 2011 and June 30, 2012;
- 4) A comparison of the audit against the report filed to the State Controller for the 2009-10 fiscal year;
- 5) A statement of the total value of the LMI Housing Fund;
- 6) An itemized statement listing any amounts that are legally restricted and cannot be distributed to the taxing entities (including any funds restricted by enforceable obligations); and
- 7) An itemized statement of any assets in the LMI Housing Fund that are not cash or cash equivalents.

Deductions may be made from the amount to be distributed to taxing entities for (1) assets obligated for a legally restricted purpose, such as grants or bonds; (2) non-cash assets, such as property or equipment; (3) assets restricted or obligated to fund an enforceable obligation; and (4) assets required to pay the Successor Agency's current year Recognized Obligation Payment Schedule ("ROPS") obligations.

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The Successor Agency was required to submit the Housing Fund DDR to the Oversight Board, Auditor-Controller, State Controller, and the State Department of Finance ("DOF") by October 1, 2012; the document was submitted to these parties on September 27, 2012. The Successor Agency approved the Housing Fund DDR with no changes at its meeting on October 1, 2012.

Pursuant to H&SC Section 34179.6(b) upon receipt of the Housing Fund DDR the Oversight Board shall convene a public comment session at least five days before the Oversight Board holds the approval vote for the Housing Fund DDR. On October 2, 2012, the Oversight Board met and convened a public comment session in order to satisfy this requirement. At the meeting there was no public comment regarding the Housing Fund DDR.

As detailed in the Housing Fund DDR, total LMI Housing Fund assets as of June 30, 2012, were \$8,928,944. Deductions were made from these assets for bond reserves, funds legally restricted for the funding of enforceable obligations, and funds needed to satisfy the ROPS for 2012-13. These deductions total \$9,686,304, resulting in a net LMI Housing Fund balance of negative \$757,360. As indicated in the Housing Funds DDR a negative balance indicates that no amount is due to the Auditor-Controller.

The Housing Fund DDR must be approved by the Oversight Board and transmitted to the DOF and Auditor-Controller no later than October 15, 2012.

DOF will have until November 9, 2012, to review the Housing Fund DDR and provide its determination to the Successor Agency. Within five days after DOF's determination the Successor Agency must transmit any unobligated LMI Housing Funds to the Auditor-Controller. If the Successor Agency does not agree with DOF's determination it can submit a request to meet and confer. As outlined in AB 1484, the meet and confer process would take no longer than thirty days. During this period the requirement to transmit the unobligated LMI Housing Funds to the Auditor-Controller would be suspended until after the meet and confer process is completed.

#### FISCAL IMPACT:

The Housing Funds DDR indicates that no amount is due to the Auditor-Controller, resulting in no fiscal impact.

#### ATTACHMENTS:

Attachment 1: Successor Agency to the Former West Hollywood Community Development Commission Due Diligence Review of the Low and Moderate Income Housing Fund

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Attachment 2: Resolution No. OB12-005 "RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE WEST HOLLYWOOD COMMUNITY DEVELOPMENT COMMISSION APPROVING A LOW AND MODERATE INCOME HOUSING FUND DUE DILIGENCE REVIEW PURSUANT TO HEALTH AND SAFETY CODE SECTIONS 34179.5 AND 34179.6"